GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1802
ANSWERED ON:24.08.2007
LOSSES INCURRED BY BANKS
Bose Shri Subrata

Will the Minister of FINANCE be pleased to state:

(a) the details of public sector banks / nationalized banks / co-operative banks which have incurred losses during each of the last five years;

(b) the reasons therefor; and

(c) the reaction of the Government thereon alongwith the measures taken / proposed to be taken by the government to make these banks profitable and competitive in global arena?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) The number of public sector banks and co-operative banks, which have incurred losses during the last five years, are as under:-

	2002	2003	2004	2005	2006
Public Sector/ Nationalised banks	-	-	-	1	-
Urban Co-operative Banks	10	6	7	9	8
District Co-operative Banks	105	122	101	72	88
Primary Co-operative Agricultural and Rural Development Banks	572	560	519	458	194

(b): These banks have suffered losses mainly due to high risk provision ing, high level of Non-performing Assets (NPAs), low level of capital funds, high transaction cost, low volume of business, etc.

(c) To facilitate quick and efficient decision-making and to provide Bank Boards sufficient managerial autonomy to be able to compete internationally, Government announced an Autonomy Package on 22.02.2005 for the public sector banks. As for co-operative banks, based on the recommendations of the Task Force headed by Prof. A. Vaidyanathan, the Government of India has formulated a Revival Package for strengthening / revitalizing Short TermS Cooperative Credit Structure (STCCS) with state government participation. So far, 18 States and one Union Territory have agreed to implement the package. Further, a Task Force for Urban Co-operative Banks (TAFCUB) has been set up in each of the state, which have signed the MoU with Reserved Bank of India (RBI), for identification of and drawing up of a time bound action plan for revival of potentially viable Urban Co-operative Banks (UCBs) and for non disruptive exit for non-viable UCBs.